

Healthcare Reform Update

June 26, 2009

Greetings!

Each and every one of us has a personal stake in healthcare reform and because of the critical importance of this issue, I want to keep you fully informed as Congress begins its work on a bill.

On June 19th the House Committee on Energy and Commerce, (which I'm a member of) released a draft bill to address the urgent healthcare needs in our country. The legislation is 852 pages long and the full text and summaries can be found at:
http://energycommerce.house.gov/index.php?option=com_content&view=article&id=1687:health-care-reform&catid=156:reports&Itemid=55

We know our healthcare system is broken. Forty-seven million Americans are uninsured and millions more have insurance but can't afford their co-pays and deductibles. Premiums have more than doubled in the last decade, and every day families go bankrupt because they can't afford their medical bills. On the other hand, we also have the best doctors in the world, the most cutting edge medical equipment, and the world's leading minds in life-saving research. The goal of healthcare reform is to build on what works and to fix what's broken.

There are six core principles that the legislation is built upon:

- 1) Healthcare reform must be universal-- access to care and coverage for every American.
- 2) Maintain choice. It is important to Americans to have choices and protect the doctor/patient relationship.
- 3) Coverage must be affordable. All individuals and families should be able to be insured without consuming half their income.
- 4) We must strengthen Medicare. We have to ensure the program's solvency for years to come and we must remove the excess spending from our healthcare system, from overhead costs to over-prescribed tests and medications, as well as weeding out waste,

fraud and abuse. This will save billions of dollars and eliminate the need for new taxes.

- 5) A higher quality of care with loan reimbursements and scholarships to doctors and nurses who enter into primary care. This will ensure access to care as we cover all Americans.
- 6) The legislation must be paid for and accomplished without any new taxes.

Below are some of the most critical parts of the draft bill which deal with the implementation of the key goals.

ACCESS TO COVERAGE AND CHOICE

- A Public Health Insurance Option

This would be one of many options for health insurance. The Department of Health and Human Services, not a private company, would administer the plan.

- A National Health Insurance Exchange A new transparent marketplace for individuals and small employers to comparison shop among private and public insurers. It will set and enforce insurance reforms and consumer protections, facilitate enrollment, and administer affordability credits to help low and middle-income individuals and families purchase insurance. Over time, the Exchange will be open to all employers as another choice for covering their employees.

- Guaranteed Coverage and Insurance Market Reforms Discrimination based on pre-existing conditions, lifetime caps or annual limits on benefits will all be eliminated.

- Essential Benefits A new independent advisory committee with providers and other healthcare experts (chaired by the Surgeon General) will recommend a benefits package based on standards set in statute. This new essential benefit package will serve as the basic benefit package for coverage in the Exchange, and over time will become the quality standard for employer plans. It will include preventive service at no cost sharing, mental health services and dental and vision for children. It will cap the amount of money a person or family spends on covered services in a year to \$5,000 for an individual and \$10,000 for a family.

AFFORDABILITY FOR INDIVIDUALS AND FAMILIES

- Provides Sliding Scale Affordability Credits These credits will be available on a sliding scale, phasing out at 400 percent of the federal poverty level (\$43,000 for individuals or \$88,000 for families of four) to help individuals and families who don't qualify for Medicaid or Medicare to purchase insurance.
- Expands Medicaid Individuals and families with incomes below 133 percent of the federal poverty level will be fully federally financed in an expanded and improved Medicaid program.
- Cap On Total Out-of-Pocket Spending All new policies will cap out-of-pocket spending to prevent bankruptcies due to medical expenses.

SHARED RESPONSIBILITY

- Individual Responsibility Every American will be responsible for having health coverage. Those who do not obtain coverage will face a tax penalty of two percent of their income, capped at the average cost of a premium in the exchange.
- Employer Responsibility Employers will have the option of providing health insurance coverage for their workers or contributing funds to the Exchange on their behalf.
- Assistance for Small Employers Small businesses with payrolls less than \$250,000 per year, will be exempt from the employer responsibility requirement. New small business tax credits will be available for firms that want to provide health coverage to their workers, but can't afford to do it today.
- Government Responsibility The government will be responsible for ensuring that every American has access to affordable quality health insurance through the new affordability credits, insurance reforms and consumer protections.

PREVENTION AND WELLNESS

- Expansion of Community Health Centers
- No co-payments for preventive visits
- Creation of community-based programs to deliver prevention and wellness services
- A focus on community-based programs and new data collection efforts to better identify and address racial, ethnic, regional and other health disparities
- Funds to strengthen state, local, tribal and territorial public health departments and programs.

WORKFORCE INVESTMENTS

- Increases to the National Health Service Corp to offer scholarships and loan reimbursements to doctors who will practice in underserved areas
- Greater support for workforce diversity
- Expansion of scholarships and loans for individuals in needed professions in areas where shortages exist.

CONTROLLING COSTS

- Health Care Delivery System Reforms
Federal health programs including Medicare, Medicaid and the new public health insurance option will reward high quality and efficient care through better care coordination and through reductions of hospital readmissions. Innovative programs such as Accountable Care Organizations and Medical Homes will coordinate care for a patient between doctors, hospitals, and outpatient care to keep them healthier, reduce costs, and not repeat unnecessary tests and procedures.
- Modernization and Improvement to Medicare Replaces the flawed physician payment formula in Medicare (the SGR), with an update that wipes away accumulated deficits, provides for a fresh start, and better rewards primary care services, care coordination and efficiency. The bill also improves the Medicare Part D program, extends solvency to and creates new consumer protections for Medicare Advantage Plans, and improves low-income subsidy programs, so that Medicare is affordable for all seniors and other eligible individuals.

- Waste, Fraud and Abuse Prevention New tools will be provided to combat waste, fraud and abuse within the entire health care system.
- Administrative Simplification The Health and Human Services Secretary will have the authority to simplify the paperwork burden that adds tremendous costs to today's health care system.
- The American Recovery and Reinvestment Act originally provided \$19 billion to accelerate adoption of Health Information Technology (HIT) systems by doctors and hospitals in order to modernize the health care system, save billions of dollars, reduce medical errors and improve quality.

The issue of health reform will affect each one of us and that's why I promise to keep you informed each step of the way. I ask you to let me know your thoughts and questions, as well as your critiques. I need your thoughts and ideas and I welcome hearing from you.

If at all possible,
email your comments to me. It is far more efficient and saves your tax dollars when we respond to you electronically

Sincerely,

Anna G. Eshoo

Member of Congress